

0-219A002

PATRICK J. ROURICK
ATTORNEY AT LAW
222½ WEST FOURTH STREET
P O. BOX 505
ST ANSGAR, IOWA 50472

RECORDATION NO. 16952 FILED 1425

TELEPHONE
515-736-2440

July 19, 1990

AUG 7 1990 - 9 15 AM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Washington, D.C.

Dear Secretary:

I have enclosed a certified copy and one marked copy of the documents described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Security Agreement, a primary document, dated July 16, 1990.

The names and addresses of the parties to the document are as follows:

Secured Party: L.R. Falk Construction Co.
227 West 4th Street
St. Ansgar, Iowa 50472

Debtor: Cedar Valley Railroad Company
501 Sycamore Street
Suite 200
Waterloo, Iowa 50704

A description of the equipment covered by the document follows:

EMD GP9 Paducha, Kentucky Rebuilt 1972, GP10 #9086 railroad locomotive engine, and all additions and replacement of all such collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds from all such collateral.

A fee of \$13.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to my office.

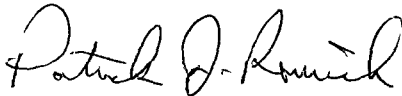
A short summary of the document to appear in the index follows:

Security Agreement between L.R. Falk Construction Co., Secured Party, of St. Ansgar, Iowa, and Cedar Valley Railroad Company, Debtor, of Waterloo, Iowa, dated July 16, 1990, and covering EMD GP9 Paducha, Kentucky Rebuilt 1972, GP10 #9086 railroad locomotive engine, and all additions to and replacement of all such

collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds from all such collateral.

Thank you for your assistance.

Very truly yours,

A handwritten signature in cursive script, reading "Patrick J. Rourick". The signature is written in dark ink and is positioned above the printed name.

Patrick J. Rourick

kjg

Enc.

PATRICK J. ROURICK
ATTORNEY AT LAW
222½ WEST FOURTH STREET
P O BOX 505
ST. ANSGAR, IOWA 50472

TELEPHONE
515-736-2440

July 30, 1990

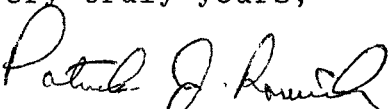
Interstate Commerce Commission
12th & Constitution Avenue N.W.
Attn: Mildred Lee
Room 2303
Washington, D.C. 20423

Dear Ms. Lee:

Enclosed please find Check #2567 in the amount of \$2.00 to cover the remaining filing fee due regarding L.R. Falk Construction Co. and Cedar Valley Railroad Company.

If you have any further questions, please contact me.

Very truly yours,


Patrick J. Rourick

Encl

lmr

Interstate Commerce Commission
Washington, D.C. 20423

8/9/90

OFFICE OF THE SECRETARY

Patrick J. Rourick

2221/2 West Fourth Street

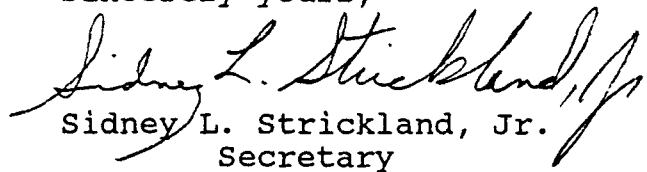
P.O.Box 505

St. Ansgar, Iowa 50472

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/7/90 at 9:15am , and assigned recordation number(s). 16952

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

AUG 7 1990 - 9 15 AM

INTERSTATE COMMERCE COMMISSION

Date July 16, 1990

BUSINESS SECURITY AGREEMENT

1. PARTIES-COLLATERAL: The undersigned Debtor (hereinafter collectively with Co-Debtor, if any, called "Debtor"), jointly and severally, for value received hereby grants to L.R. Falk Construction Co., St. Ansgar, Iowa, (hereinafter called "Lender") a security interest under the Uniform Commercial Code of Iowa in the following described collateral:

- a) EMD, GP9 Paducha, Kentucky Rebuilt 1972, GP10 #9086 railroad locomotive engine.
- b) And as additional collateral all additions to and replacements of all such collateral, and all accessories, accessions, parts and equipment now or hereafter affixed thereto or used in connection therewith and the proceeds from all such collateral (including negotiable or non-negotiable warehouse receipts now or hereafter issued for storage of collateral).

All collateral described in subparagraphs A and B above is referred to in this Agreement collectively as the "Collateral", and shall include all such Collateral wherever located and whether not owned or hereafter acquired.

2. REPRESENTATIONS AND WARRANTIES OF DEBTOR: Debtor represents and warrants that the extension of credit secured by this Agreement is for business or commercial purposes, or is to an organization, and is therefore an exempt transaction under the Federal Truth in Lending Act and not subject to the Iowa Consumer Credit Code, and so long as any indebtedness secured hereby remains unpaid, shall be deemed continuously to represent and warranty that: (a) Debtor is the owner of the Collateral free of all security interests or other encumbrances other than the security interest created by this Agreement and a security agreement to National Bank of Waterloo, Waterloo, Iowa, which has been subordinated to this Security Agreement; (b) Debtor is authorized to enter into this Agreement; (c) Debtor is engaged in business operations and Debtor's business is carried on at the address specified below; and (d) the Collateral is and will be located at the address specified below, or, if not, at N/A

3. OBLIGATIONS SECURED: This Agreement is continuing until specifically terminated in writing by Lender and the security interest granted herein is given to secure the performance on the covenants and agreements herein set forth and the payment of the indebtedness evidenced by the promissory note(s) or other instruments executed by Debtor to the order of Lender and any other indebtedness of Debtor to Lender, whether now existing or hereafter incurred, of every kind and character, direct or indirect, whether as maker, endorser, guarantor or surety and whether such indebtedness is from time to time reduced and thereafter increased or entirely extinguished and thereafter reincurred, including, without limitations, any sums advanced by Lender in the performance of Debtor's obligations hereunder, any license fees, insurance, and repairs with respect to the Collateral, and any attorney fees and other charges and expenses incurred in the collection of the obligations secured hereby; provided, however, that indebtedness incurred in a "Consumer Credit Transaction" as defined in the Iowa Consumer Credit Code shall not be secured by this Agreement.

4. ACCELERATION OF OBLIGATIONS AND DEFAULT: Upon the occurrence of any of the following events, Lender may, at its option, with or without notice, declare the whole unpaid balance of any obligation secured by this Agreement immediately due and payable and may declare Debtor to be in default under this Agreement, said events being as follows: (a) Debtor fails to make timely payments on any obligation secured hereby; (b) Debtor fails to perform any other covenant, promise or condition agreed to be performed by Debtor in any paragraph of this Agreement or any other note, obligation or

agreement with the Lender; (c) Debtor or Debtor's agent gave or furnished to Lender a false statement, representation or warranty in a material respect; (d) Debtor dies or fails in business; or if there occurs the dissolution or termination of the existence of Debtor's business; or if any proceedings under any bankruptcy or insolvency law by or against the Debtor or by or against any guarantor or surety hereon for the Debtor is commenced; or if the Debtor shall make an assignment for the benefit of creditors; (e) occurrence of loss, theft, damage or destruction of the Collateral not covered by adequate insurance containing a loss payable clause for the protection of Lender; (f) Lender believes itself insecure.

5. ADDITIONAL WARRANTIES AND COVENANTS OF DEBTOR: So long as any indebtedness secured hereby remains unpaid, Debtor:

- a) will defend the Collateral against the claims and demands of all other parties; will keep the Collateral free from all security interests or other encumbrances, except as specified herein; and will not sell, transfer assign, deliver or otherwise dispose of any Collateral or any interest therein without the prior written consent of Lender except that, until the occurrence of an event of default as herein provided, Debtor may sell or lease inventory in the ordinary course of Debtor's business; will not store any Collateral in warehouse facilities or otherwise without prior written consent of Lender and the form of warehouse receipt proposed to be issued upon such storage shall be provided the Lender for review prior to completion of the transaction, and any negotiable or non-negotiable warehouse receipts so issued upon approval of Lender shall be delivered to Lender;
- b) will keep, in accordance with generally accepted accounting principles consistently applied, accurate and complete records concerning the Collateral; and will permit Lender or its agents from time to time to inspect the Collateral and to audit and make extracts from such records or any of Debtor's books, ledgers, reports, correspondence and other records;
- c) will notify Lender in writing prior to any change in Debtor's address specified herein, and prior to any change in Debtor's name, identify or legal structure;
- d) in connection herewith, will execute and deliver to Lender such financing statement or other documents, pay all costs of title searches and filing financing statements and other documents in all public offices requested by Lender, and do such other things with respect to the Collateral, as Lender may request;
- e) will pay or cause to be paid all taxes, assessments and other charges of every nature which may be levied or assessed against the Collateral; will insure or cause to be insured the Collateral against risks and in coverage, form and amount satisfactory to Lender with the Lender named as an insured on such policies; and at Lender's request, will deliver or cause each policy or certificate of insurance thereof to be delivered to Lender.
- f) will take good care of the Collateral and will maintain the Collateral in good condition and repair and not permit its value to be impaired, and will immediately give Lender written notice of any loss of, of damage to, any of the Collateral;
- g) will not make any material change in the Collateral nor use nor permit the same to be used for any unlawful purpose whatsoever; and will secure prior written permission from Lender before changing the location of the Collateral as set forth herein;
- h) upon demand, will deliver to Lender any documents of title and any chattel paper representing or relating to the Collateral or any part thereof, any schedules, invoices,

shipping or delivery receipts, purchase orders, contracts and other documents representing or relating to purchases or other acquisitions or sales, leases, or other dispositions of Collateral and proceeds thereof and any and all other schedules, documents and proceeds thereof and any and all other schedules, documents and statements which Lender may from time to time request.

6. PROCEEDS: Debtor may sell or lease from time to time any of the Collateral held for sale or lease in the regular course of Debtor's business for not less than the proceeds from any such sale or lease separate and apart from Debtor's funds, and in trust for the exclusive use of the Lender and shall report any such sale or lease to Lender and transmit in full the proceeds of any such sale or lease to Lender not later than the day following receipt of such proceeds. Said proceeds when received by Lender shall be applied on the principal and interest of the obligations secured hereby. Other than a sale or lease of inventory in the regular course of Debtor's business, Debtor is not authorized to sell or lease any of the Collateral described herein.

7. INSURANCE AND TAXES: In the event the Debtor shall fail to provide adequate insurance, pay taxes, or perform any other duty set forth herein, Lender may, without notice, at its option, but without any obligation or liability to do so, procure insurance, pay taxes or perform any other duty set forth herein and add said sum to the balance of the obligations herein secured. Debtor hereby appoints the Lender the agent and attorney for the Debtor in adjusting and cancelling such insurance and endorsing settlement drafts.

8. SUCCESSORS AND ASSIGNS: The rights and privileges of Lender under this Agreement shall inure to the benefit of its successors and assigns. All covenants, representations, warranties and agreements of Debtor contained in this Agreement are joint and several if Debtor is more than one and shall bind Debtor's personal representatives, heirs, successors and assigns.

9. NON-WAIVER, EXTENSIONS, ETC.: Any extension of time for payment of any installment of any of the Debtor's obligations or the acceptance of only a part of such installment, or the failure of Lender to enforce the strict performance of any covenant, promise or condition herein contained (or in any other note, obligation or agreement) on the part of the Debtor to be performed, shall not operate as a waiver of the right of Lender thereafter to require that the Debtor's obligations and the terms herein be strictly performed according to the tenor thereof and hereof. No party to this Agreement shall be discharged from liability to the Lender by reason of the Lender's extending the time for payment of an installment or installments owing or due upon any such obligation, or by reason of the Lender's waiver or modification of any terms of this Agreement. All parties hereto severally waive presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party. All Debtors agree that Lender may, without thereby releasing any Debtor, substitute, release, alter or make any other disposition of any Collateral and further agree that Lender is not required to first resort for payment to any such Collateral. Debtor grants Lender, as further security for the obligations secured hereby, a security interest and lien in any credit balance (and other money) now or hereafter owed Debtor by Lender or any assignee of Lender and, in addition, agrees that Lender may, without prior notice or demand, setoff against any such credit balance (or other money) any amount owing upon the obligations secured hereby. No waiver of any provision of this Agreement shall be effective unless in writing and signed by Lender.

10. REMEDIES: Upon default as provided in paragraph 4, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code of Iowa and under any other applicable laws. Any requirements of reasonable notice by either party to the other or to any guarantors or sureties of Debtor shall be met if

such notice is mailed, postage prepaid, to the address of the parties shown on the first page of this Agreement (or to such other mailing address as either party in writing later furnishes to the other) at least ten calendar days (counting the day of sending) before the time of the event or contemplated action set forth in said notice. Debtor agrees to pay all expenses of retaking, holding, preparing for sale, selling and attorney's fees and legal expenses as may be allowed by law and incurred by Lender in enforcing its rights under this Agreement. Debtor hereby authorizes the Lender, its agents or assigns, to enter upon the premises of the Debtor at any reasonable time, and whether or not in default, to inspect the Collateral; and if in default to possess, or attempt to possess, said Collateral and to assert or attempt to assert the rights of the Lender under any of the terms and provisions of this Agreement. Debtor waives all rights and claims for trespass or conversion and damages in any manner hereby caused by Lender, its agents or assigns. All exemptions in and to any of the Collateral are hereby waived. The rights and remedies herein conferred upon the Lender shall be cumulative and not alternative and shall be in addition to and not in substitution of or in derogation of rights and remedies conferred by the Uniform Commercial Code of Iowa, and other applicable laws.

11. CONSTRUCTION: Words and phrases herein shall be construed as in the singular, or plural number, and as masculine, feminine, or neuter gender according to the context. The paragraph headings of this Agreement are for convenience only and shall not limit the terms of this Agreement. The validity, construction and enforcement of this Agreement shall be determined and governed by the laws of Iowa. All terms not otherwise defined shall have the meaning assigned to them by the Uniform Commercial Code of Iowa. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

CEDAR VALLEY RAILROAD

by: _____

Title: _____

TIN: _____

ADDRESS OF DEBTOR

223 MAIN STREET

OSAGE IOWA

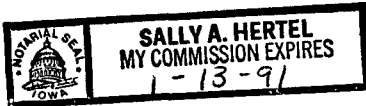
50461

CERTIFICATION

STATE OF IOWA)
)ss:
COUNTY OF MITCHELL)

I, Sally A. Hertel, Notary Public in and for the State of Iowa, have compared the foregoing copy with the original and have found that the foregoing is a full, true and correct copy in all respects to the original Security Agreement between L.R. Falk Construction Co., Secured Party, and Cedar Valley Railroad Company, Debtor, dated July 16, 1990.

Witness my hand and notarial seal this 20 day of July, 1990.



Sally A Hertel